

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7458

BILL NUMBER: HB 1535

NOTE PREPARED: Jan 12, 2003

BILL AMENDED:

SUBJECT: Property tax assessments in Lake County.

FIRST AUTHOR: Rep. Dobis

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: With respect to the general reassessment of real property in Lake County effective March 1, 2002: This bill (1) allows the Department of Local Government Finance (DLGF) to contract for the reassessment contractor to hold informal hearings with taxpayers and represent the Department in assessment appeal proceedings; (2) requires the Indiana Board of Tax Review (IBTR) to designate independent, licensed appraisers as special masters to conduct evidentiary hearings of assessment appeals; (3) establishes an appeal filing fee of \$10; and (4) authorizes the IBTR to develop appeal forms and adopt emergency rules to set procedures and deadlines.

Effective Date: Upon passage.

Explanation of State Expenditures: *Department of Local Government Finance:* Under current law, the Lake County reassessment is being performed by an outside contractor under contract with the DLGF. Lake County is obligated to pay for the contractor's reassessment work. All original appeals from Lake County will be made to the IBTR rather than the county property tax assessment board of appeals as is the case in all other counties. The DLGF must defend these assessments.

This bill would permit the DLGF to negotiate an addendum to the contract to require the contractor to hold informal hearings to review assessments with taxpayers. At the hearings, the contractor would explain the assessment, provide information to the taxpayer about the reassessment statutes and rules, note taxpayer objections, and consider all errors alleged by the taxpayer. The informal hearings must be conducted within 45 days after notices of assessment are given. The contractor would also be required to represent the DLGF in appeals hearings before the IBTR. The bill specifies that the contract addendum would be paid in the same manner as the original contract. This means that Lake County would be liable for the additional expenses

related to the defense of assessments.

The advent of informal hearings under this bill could cause the number of formal appeals from Lake County to be reduced. With the informal appeal process in place, the DLGF and IBTR estimate that about 20,000 appeals could be generated by Lake County taxpayers.

Indiana Board of Tax Review: Under current law, Lake County taxpayers have 45 days after notices of assessment are given to appeal the assessment to the IBTR. Under current law, there will be no fee for filing these appeals. This bill would establish a \$10 filing fee for Lake County appeals to the IBTR. At \$10 each, the estimated 20,000 appeals would generate about \$200,000 in FY 2004.

The IBTR would be permitted, under the bill, to contract with licensed appraisers to serve as special masters to conduct hearings on appeals by Lake County taxpayers. The IBTR would be able to make final determinations without additional hearings by the board.

Compensation for the contractors would first be paid from filing fee revenue and then from the Lake County Property Reassessment Fund if the filing fee revenue is insufficient. Payments from the Lake County Property Reassessment Fund would be limited to \$500,000.

Explanation of State Revenues:

Explanation of Local Expenditures: Lake County would be required, under this bill, to pay the reassessment contractor to defend assessments on behalf of the DLGF at hearings held by or for the IBTR. The expense would be paid from the Lake County Property Reassessment Fund. The total cost could be around \$1 M from CY 2004 to CY 2006.

Under this bill, Lake County could be liable for up to \$500,000 in compensation for special masters to handle appeals hearings for the IBTR. The expense would be paid from the Lake County Property Reassessment Fund.

Explanation of Local Revenues:

State Agencies Affected: Department of Local Government Finance; Indiana Board of Tax Review.

Local Agencies Affected: Lake County.

Information Sources: Beth Henkel, Commissioner, Department of Local Government Finance, (232-3777); Bill Waltz, Commissioner, Indiana Board of Tax Review (232-3786).

Fiscal Analyst: Bob Sigalow, 317-232-9859